

Marion I. Quesenbery, Cal. SBN 072308  
Bart M. Botta, Cal SBN 167051  
RYNN & JANOWSKY, LLP  
P.O. Box 20799  
Oakland, CA 94620  
Telephone: (510) 705-8894  
Facsimile: (510) 705-8737  
E-mail: marion@rjlaw.com

Attorneys for Plaintiff  
DOBLER & SONS, LLC

UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

DOBLER & SONS, LLC, a California  
limited liability company,

Plaintiff,

v.

FRESH 'N HEALTHY, INC., a Delaware  
Corporation; MARK WILLIAMS, an  
individual; JACK PARSON, an individual;  
MARK MCCORMICK, an individual;  
STEVEN CINELLI, an individual; and  
PRESTWICK PARTNERS, LLC, a  
California limited liability company,

Defendants.

CASE NO. C 08-00113 RS

**FIRST AMENDED COMPLAINT**

- 1. BREACH OF CONTRACT;**
- 2. ENFORCEMENT OF PACA TRUST PROVISIONS [7 U.S.C. § 499e(c)];**
- 3. VIOLATION OF PACA: FAILURE TO ACCOUNT AND PAY PROMPTLY [7 U.S.C. § 499b(4)];**
- 4. ENFORCEMENT OF CALIFORNIA PRODUCER'S LIEN STATUTE [Food & Ag. Code § 55631]**
- 5. UNJUST ENRICHMENT;**

Plaintiff Dobler & Sons, LLC ("Dobler") complains and alleges as follows:

**I.**

**JURISDICTION AND VENUE**

1. This Court has jurisdiction of this case pursuant to 28 U.S.C. § 1331, as this action arises, in part, under the Perishable Agricultural Commodities Act, 7 U.S.C. § 499a *et seq.* ("PACA") and, more specifically, 7 U.S.C. § 499e(c)(5), which provides jurisdiction in the district courts of the United States to entertain actions by trust beneficiaries to enforce payment



1 owe Plaintiff Dobler \$325,466.76 for fresh vegetables that Plaintiff harvested and delivered to  
2 Defendant Fresh 'N Healthy from late July 2007 through December 2007. The contracts for the  
3 sale and purchase of this fresh produce were entered into in Hollister, California.

4 **III.**

5 **FIRST CAUSE OF ACTION**

6 **(For Breach Of Contract)**

7 ***Against Defendant Fresh 'N Healthy only***

8 7. Plaintiff Dobler realleges and incorporates by reference paragraphs 1 through 6 of  
9 this Complaint as though fully set forth in this paragraph.

10 8. From on or about July 28, 2007 through December 2007, Plaintiff Dobler  
11 supplied perishable agricultural commodities to Defendant Fresh 'N Healthy at Fresh 'N  
12 Healthy's request, for which Defendant Fresh 'N Healthy's agreed to pay Dobler \$335,466.76  
13 within 10 days, plus interest at the rate of 18% per annum (on past due amounts) and attorneys'  
14 fees and costs (should any action be commenced concerning the sums due).

15 9. Plaintiff Dobler forwarded to Defendant Fresh 'N Healthy its ordinary and usual  
16 billing statements (i.e., invoices) for the transactions setting forth in detail the amount owed by  
17 Fresh 'N Healthy to Plaintiff Dobler for the fresh produce supplied to Fresh 'N Healthy.

18 10. Plaintiff Dobler has repeatedly demanded that Defendant Fresh 'N Healthy pay  
19 the amounts due and owing under the invoices, which total \$335,466.76, but Fresh 'N Healthy  
20 has only paid Dobler \$10,000.00 of this sum, which leaves a balance significantly past due and  
21 unpaid of \$325,466.76.

22 11. Plaintiff Dobler has performed all conditions, covenants and obligations required  
23 to be performed by it under the agreements for the sale and purchase of perishable agricultural  
24 commodities.



1 and constructive knowledge of the PACA trust, and was a statutory trustee of the PACA trust  
2 assets that are the subject of this Complaint.

3 17. Pursuant to 7 U.S.C. § 499e(c)(1)-(4) of the PACA, upon receipt of the produce  
4 sold by Plaintiff to Defendant Fresh 'N Healthy, Plaintiff became the beneficiary of a floating,  
5 non-segregated statutory trust on all of Defendant Fresh 'N Healthy's perishable agricultural  
6 commodities, all inventories of food or other products derived from perishable agricultural  
7 commodities, all receivables or proceeds from the sale of such perishable agricultural  
8 commodities or products, and all assets purchased or maintained with PACA trust assets.

9 18. Pursuant to the trust provisions of the PACA [7 U.S.C. § 499e(c)(1)-(4)], Plaintiff  
10 performed and fulfilled all duties required to preserve Plaintiff's PACA trust benefits in the total  
11 amount of \$335,466.76, of which \$325,466.76 remains past due and unpaid.

12 19. The PACA trust requires Defendants, and each of them, as statutory PACA  
13 trustees, to hold and preserve such goods, inventories, proceeds and receivables in trust for the  
14 benefit of Plaintiff Dobler until full payment has been made to Plaintiff. Plaintiff alleges that  
15 Defendants have failed to maintain the trust assets and keep them available to satisfy  
16 Defendants' obligations to Plaintiff and to otherwise perform the requirements of the PACA trust  
17 provisions, all in breach of their fiduciary duties and in violation of the provisions of the PACA,  
18 7 U.S.C. § 499e(c)(1)-(4) and 7 U.S.C. § 499b(4).

19 20. Plaintiff is informed and believes and upon that basis alleges that during all times  
20 relevant and continuing, Defendants, and each of them, transferred or diverted the trust assets  
21 (e.g., receivables or proceeds derived from the sale of produce) for their own use and/or to third  
22 parties in violation of statutory duties imposed on them by the PACA to preserve the trust assets  
23 for the benefit of Plaintiff. [7 C.F.R. §46.46(c)]. The statutory trust created by PACA  
24

1 unequivocally gives priority to the interests of Plaintiff to the PACA trust assets held by  
2 Defendants.

3 21. As a direct and proximate cause and result of the wrongful acts and omissions of  
4 Defendants, Plaintiff Dobler has suffered the loss of \$325,466.76, plus interest and attorneys'  
5 fees, all of which qualifies for protection under the PACA trust.

6 V.

7 **THIRD CAUSE OF ACTION**

8 **(For Violation Of Perishable Agricultural Commodities Act:**  
9 **Failure To Account, To Make Full Pay Promptly, To Perform As Promised,**  
10 **And To Maintain The PACA Trust)**  
11 ***Against Defendant Fresh 'N Healthy Only***

12 22. Plaintiff Dobler realleges and incorporates by reference paragraphs 1 through 21  
13 of this Complaint as though fully set forth in this paragraph.

14 23. Plaintiff Dobler has repeatedly demanded that Defendant Fresh 'N Healthy pay  
15 the amounts due stated above, totaling \$325,466.76 for produce sold and delivered to Defendant  
16 Fresh 'N Healthy as described above. Despite these demands, Defendant Fresh 'N Healthy has  
17 failed and refused to truly, correctly and accurately account for and make full payment of the  
18 proceeds of those transactions. Therefore, Defendant Fresh 'N Healthy (1) has failed to perform  
19 the requirements of its contracts of sale with Plaintiff Dobler, express and implied, (2) has  
20 breached its duty to truly and correctly account and make full payment promptly for the produce  
21 that it purchased from Plaintiff, and (3) has failed to maintain the PACA trust, all of which are  
22 "unlawful" acts under 7 U.S.C. § 499b(4).

23 24. As a direct and proximate cause and result of the wrongful acts and omissions of  
24 Defendant Fresh 'N Healthy as alleged above, Plaintiff Dobler has suffered the loss of  
\$325,466.76, plus interest and attorneys' fees.

VI.

**FOURTH CAUSE OF ACTION**

**(Enforcement of California Producer's Lien:  
California Food and Agricultural Code § 55631)  
*Against All Defendants***

25. Plaintiff alleges and incorporates by reference paragraphs 1 through 24 of this complaint as though fully set forth in this paragraph.

26. Defendant Fresh 'N Healthy is, and was at all relevant times, subject to licensure and Plaintiff is informed and believes that Defendant Fresh 'N Healthy was in fact licensed by the California Department of Food and Agriculture as a processor and dealer of farm products.

27. Plaintiff is further informed and believes and thereon further alleges that during all times relevant herein Defendants, and each of them, were subject to licensure or were licensed by the California Department of Food & Agriculture as dealers and processors, or as agents of a dealer and processor, of farm products.

28. Plaintiff Dobler grew the farm product that it sold to and that Defendant Fresh 'N Healthy purchased from it for the purpose of processing the fresh produce and reselling it to Fresh 'N Healthy's customers.

29. Consequently, upon delivery of the fresh produce to Defendant Fresh 'N Healthy, the California Producer's statute gave Plaintiff a first priority lien prior in dignity to all other lien, claims or encumbrances (except limited labor claims and warehousemen liens) on the farm product and the receivables from the sale of the farm product. Cal. Food & Ag. Code §§ 55631, 55633, 55635.

30. Plaintiff is informed and believes and thereon alleges that Defendant Fresh 'N Healthy has unlawfully removed from its control or ownership some or all of the fresh produce sold to Defendant Fresh 'N Healthy by Plaintiff Dobler and that Defendant Fresh 'N Healthy has

1 unlawfully assigned or transferred to themselves or to some third party the sales proceeds from  
2 the sale of its processed farm products, all without first paying Plaintiff for the fresh produce that  
3 it sold to Fresh 'N Healthy. Cal. Food & Ag. Code § 55638.

4 31. As a direct and proximate result of this unlawful action, Plaintiff has been  
5 damaged in the amounts due and owing under the invoices, totaling \$325,466.76, plus interest  
6 and attorneys' fees, plus any late charges due under California Food & Agricultural Code  
7 §55881.

8 32. In addition, given Plaintiff Dobler's first priority lien rights to the farm products  
9 in Defendant Fresh 'N Healthy's possession and Defendant Fresh 'N Healthy's statutory duty not  
10 remove the farm products from beyond its control or ownership (unless the total proceeds of the  
11 sale of the farm products are used to satisfy the debt to Plaintiff or unless Fresh 'N Healthy had  
12 sufficient assets to pay the sum due Plaintiff), Defendants must disgorge any farm products or  
13 proceeds from the sale of the farm products to Plaintiff.

14 33. Finally, Plaintiff hereby asserts its lien rights against any assets held by  
15 Defendants Fresh 'N Healthy, from the sales of any commodities or farm products by Fresh 'N  
16 Healthy, including but not limited to, the sale of products derived from the raw perishable  
17 agricultural commodities sold by Plaintiff to Fresh 'N Healthy, to pay all amounts due Plaintiff  
18 in satisfaction of its preferential producer's lien.

19 **VII.**

20 **FIFTH CAUSE OF ACTION**

21 **(For Unjust Enrichment)**  
22 ***Against All Defendants***

23 34. Plaintiff alleges and incorporates by reference paragraphs 1 through 33 of this  
24 Complaint as though fully set forth in this paragraph.



1 with Plaintiff Dobler's produce sales transaction with Defendant Fresh 'N  
2 Healthy; and

3 G. For such other and further relief as the Court may deem just and proper.

4 **THIRD CAUSE OF ACTION**

5 **(For Violation Of Perishable Agricultural Commodities Act:**  
6 **Failure To Account, To Make Full Pay Promptly, To Perform As Promised,**  
7 **And To Maintain The PACA Trust)**  
8 ***Against Defendant Fresh 'N Healthy Only***

9 H. For an order requiring Defendant Fresh 'N Healthy to immediately account for  
10 and promptly pay the sum owed to Plaintiff in the amount of \$325,466.76;

11 I. For contractual interest (18% per year) from the date Plaintiff's invoices became  
12 due until paid in full, plus attorneys' fees and costs, as sums owing in connection  
13 with Plaintiff Dobler's produce sales transaction with Defendant Fresh 'N  
14 Healthy; and

15 J. For such other and further relief as the Court may deem just and proper.

16 **FOURTH CAUSE OF ACTION**

17 **(Enforcement of California Producer's Lien:**  
18 **California Food and Agricultural Code § 55631)**  
19 ***Against All Defendants***

20 K. For damages in the sum of \$325,466.76, plus any late charges due under  
21 California Food & Agricultural Code section 55881.

22 L. For pre-judgment and post-judgment interest.

23 M. For disgorgement by Defendants of any farm products or proceeds from the sale  
24 of the farm products, until Plaintiff has been paid in full for its damages and  
interest; and

N. For such other and further relief as the court deems just and proper.

**FIFTH CAUSE OF ACTION**

**(For Unjust Enrichment)**  
***Against All Defendants***

- O. For damages in the principal amount of \$325,466.76;
- P. For prejudgment and post judgment interest;
- Q. For costs of suit incurred; and
- R. For such other and further relief as this Court deems just and proper.

DATED: February 11, 2008

RYNN & JANOWSKY, LLP

By: /s/ Marion I. Quesenbery  
MARION I. QUESENBERRY  
Attorneys for Plaintiff  
DOBLER & SONS, LLC